REMARKS

In a Letter to the Official Draftsperson mailed January 23, 2002, Formal Drawings were submitted for the above-mentioned application. Those Formal Drawings replaced Figs. 4, 5, and 6 with Figs. 4A, 4B, 5A, 5B, 6A, and 6B. No new matter has been added. Accordingly, the Examiner is requested to enter this preliminary amendment.

Dated: February 11, 2002

Respectfully submitted,

By CM Tanner

Chris Tanner
Registration No.: 41,518
DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP
2101 L Street NW
Washington, DC 20037-1526
Attorneys for Applicant

VERSION WITH MARKINGS TO SHOW CHANGES MADE:

IN THE SPECIFICATION:

Please amend paragraph 0017 as follows:

The foregoing and other features and advantages of the invention will become more apparent from the detailed description of the exemplary embodiments of the invention given below with reference to the accompanying drawings.

Fig. 1 shows one possible result of combining annuities and life insurance.

Fig. 2 shows an improvement in the results of Fig. 1 using the techniques of the present invention.

Fig. 3 shows a flowchart of the first embodiment of the present invention.

[Fig. 4 shows] Figs. 4A and 4B show a flowchart of the second embodiment of the present invention.

[Fig. 5 shows] Figs. 5A and 5B show a flowchart of the third embodiment of the present invention.

[Fig. 6 shows] Figs. 6A and 6B show a flowchart of the fourth embodiment of the present invention.

Fig. 7 shows a modification of the first embodiment of the present invention.

Fig. 8 shows the Charitable Endowment Life Insurance Policies (CELIP) as used within the present invention.

Fig. 9 shows a computerized implementation of the present invention.

Fig. 10 shows the implementation of Fig. 9 integrated within a service entity.

Please amend paragraph 0039 as follows:

The second embodiment differs from the first in tax consequences. In the second embodiment, no inside build-up occurs, and the tax consequences are handled by an insurer 402 shown in Fig. 4 which is not present in Fig. 3. Hereafter, Fig. 4 is construed to mean Figs. 4A and 4B taken collectively. This insurer 402 also manages the investment trust 314, which unlike the first embodiment in Fig. 3, is not an account of the life insurance policy 312. Because in embodiments 2-4 the investment is not an internal component of the policy 312, the Service Fee 200 must be accounted for separately. Accordingly, the $100,000 Service Fee 200 of Fig. 2 is shown within the first embodiment in Fig. 3 as the Mortality and Expenses from Annuity Income box and is labeled '$100K'. The second embodiment (and the third and fourth) differ from the first in that the Service Fee 200 from Fig. 2 is indicated by the box "Management Fees" in Figs. 4-6 rather than the box "Mortality and Expenses", but is also labeled $100K.

Please amend paragraph 0041 as follows:

Embodiments three and four include the administration of investing in widely available insurance contracts through a unique trust, business entity and partnership arrangement. This arrangement is employed in order to closely track and direct the income tax liability 502, as shown in Fig. 5. Hereafter, Fig. 5 is construed to mean Figs. 5A and 5B taken collectively. In the third and fourth embodiments, investment growth no longer occurs inside an insurance policy, and is therefore no longer characterized as "inside build-

up". Instead, owners of management company 504 that are normal business entities but have either substantial income tax credits, tax-favored status, or otherwise reduced income tax exposure, receive a significant amount of the income tax liability. This improves the cash flow available to fund the other components of the arrangement and therefore significantly widens its marketability.

Please amend paragraph 0046 as follows:

The fourth embodiment differs from the third in that the annuity is purchased by a subsidiary 604 of the tax favored business entity so that the tax obligation is passed to the tax-favored company 508, and the benefit is paid as taxable income in the form of a dividend 602, as shown in Fig. 6. Hereafter, Fig. 6 is construed to mean Figs. 6A and 6B taken collectively. Because of this, the fourth embodiment is more conducive to charities than the third embodiment. This is because where a charity is involved, a dividend 602 would be an acceptable distribution method since in most cases this would not be taxed to the charity. Conversely, the partnership 504 income (K-1) of the third embodiment would be a more difficult distribution method for a charity.